Report for: Full Council FOR INFORMATION
Item Number:

Contains Private and Confidential Information	**No**	
Title	**Treasury Management Outturn 2022/23**	
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Portfolio	Cllr Steve Donnelly – Inclusive Economy	
For Consideration By	Full Council	
Date to be Considered	19 September 2023	
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Affected Wards	N/A	
Area Committees	N/A	
Keywords/Index	Treasury, Borrowing, Lending, Investments, HRA Debt, Prudential Indicators	

Purpose of Report

This report outlines the Council's borrowing and investment activities for the financial year ending 31 March 2023. This report ensures that the Council is delivering its Treasury Management service in an open and transparent manner and that it is fulfilling its obligations under the Local Government Act 2003 to produce an annual review of activities.

The report is being submitted to Full Council to enable Members to fulfil their scrutiny role of the treasury management function as per CIPFA's Code of Practice on Treasury Management.

During the financial year 2022/23, all treasury management activities have been carried out in accordance with the approved limits. The report also provides information on the prevailing economic conditions in the final quarter of 2022/23.

1. Recommendations

Members recommended to:

1.1 Note the Treasury Management activities and performance against targets for the period to 31 March 2023.

1.2 Note the Council's investment balance of £506.836m as at 31 March 2023 of which £443,500m was invested with the Debt Management Office (DMO).

1.3 Note the Prudential Indicators outturn for 2022/23 which were maintained within the limits set by full Council in March 2022 (set out in Appendix 1).

2. Reason for Decision and Options Considered

2.1 This report updates on both the borrowing and investment decisions made by the Chief Finance Officer/ Strategic Director of Resources in 2022/23 under delegated authority in the context of the prevailing economic conditions and considers Treasury Management Performance measured against the benchmark overnight Sterling Overnight Index Average (SONIA) rate.

2.2 Treasury management is defined as "the management of the Council's investments and cash flows; its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

Summary

2.3 This report summarises the following:

- All treasury management activities were executed by authorised officers within the parameters agreed by the Council.
- All investments were made to counterparties on the Council's approved Counterparty Investment list and within agreed limits.
- During the financial year, the Bank of England increased its base rate from 0.75% to 4.25%.
- There was £5.650m long-term borrowing raised during the year to March 2023.
- The existing long-term debt to fund capital expenditure has decreased slightly from £887.780m to £877.532m a decrease of £10.248m mainly due to repayments of PWLB loans. The consolidated rate of interest on borrowing was 3.14% at year end.
- The Council earned an average investment return of 1.907% on short term investments, just below the average SONIA overnight rate of 2.245%. The underperformance being due to a substantial amount of investments being made at the lower rate for a fixed duration prior to the increase in interest rates.
- The Council currently holds no direct investments with overseas financial institutions, though these are held indirectly through the Council's Money Market Funds (MMF).

- The HRA debt is managed separately from General Fund debt but still falls under the responsibility of the Treasury Management function.

2.4 A glossary of terms is set out at the end of this report, to make this technical report as user friendly as possible.

3. Treasury Management Strategy 2022/23

3.1 The Council's Treasury Management Strategy for 2022/23 was approved on 1 March 2022 by Full Council. The strategy outlined how the treasury function would operate throughout the financial year 2022/23 including the limits and criteria to be used to determine organisations in which the Council would invest its surplus cash and the Council's policy on long-term borrowing and limits on debt. The Council complied with the strategy throughout the financial year to 31 March 2023.

Investment of Pension Fund Cash

3.2 The Pension Fund's surplus cash is invested in accordance with the Council's Treasury Management Strategy agreed by Full Council on 1 March 2022, which is delegated to the Strategic Director of Resources to manage on a day to day basis within set parameters. The cash held at the Pension Fund's custodian bank account is swept nightly into a money market fund operated by Goldman Sachs.

3.3 The Treasury Management Strategy is reviewed monthly at the Treasury Risk & Investment Board (TRIB), a meeting consisting of senior Corporate Finance officers and chaired by the Strategic Director of Resources. The Pension Fund Panel (PFP) is updated on Pension Fund investment activities and the Chair of the PFP is briefed regularly.

Economic Background

4.1 The following is a summary of key economic conditions prevailing during the financial year 2022/23:

- The United Kingdom (UK) Gross Domestic Product (GDP) fell by 0.3% in March 2023.
- Consumer Price Index (CPI) rose by 10.1% in the 12 months to March 2023, down from 10.4% in February.
- United States of America (USA) economy increased by 1.1% in Q4 2023.
- The annual rate of growth in the Eurozone grew by 0.1% in Q4 2023.

4.2 The UK economy's GDP shrank 0.3% month on month in March 2023, following a flat reading in February 2023 and worse than market forecasts of no growth. Details of the report revealed that government spending, foreign trade and inventory destocking drove the contraction, whilst consumer spending (in real terms) was unchanged on the month. Considering the three months to March 2023, GDP grew by 0.1%.

4.3 The Consumer Prices Index (CPI) rose by 10.1% in the 12 months to March 2023, down from 10.4% in February. On a monthly basis, CPI rose by 0.8% in March 2023, compared with a rise of 1.1% in March 2022. The largest downward contributions to the monthly change in both the CPIH and CPI annual rates came from motor fuels, and housing and household services (particularly liquid fuels), partially offset by upward contributions from food, and recreation and culture.

4.4 The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that seeks to sustain growth and employment. At its meeting on 22 March 2023, the MPC voted by a majority of 7–2 to increase Bank Rate by 0.25 percentage points, to 4.25%.

4.5 The unemployment rate to rise by 0.1%, reaching 3.9% in Q1 2023. This marked the highest level since the period between November 2021 and January 2022, and slightly higher than the consensus forecast of 3.8%.

4.6 USA economy created 236,000 jobs in March, the least since December 2020 and marginally less than forecasts of 239,000, after unusually mild weather and seasonal factors lead to strong jobs gains in the first two months of the year. Nevertheless, job creation was sufficient to lower the USA unemployment rate to 3.5% compared to 3.6% in February 2023. The slowing of job creation was mirrored in Q1 GDP data, which showed that the USA economy grew by an annualised 1.1% in Q1 2023, easing from a 2.6% expansion in the previous quarter and missing market expectations of 2% growth. Finally, a fall in fuel prices saw the annual inflation rate in the USA slow for a ninth consecutive month to 5% in March 2023 from 6% in February 2023, and below market forecasts of 5.2%. Nevertheless, the Federal Reserve (Fed) was still expected to raise its Fed Funds Rate by 25 basis points to a range of 5%-5.25% during its May 2023 meeting.

4.7 The Eurozone economy grew by 0.1% quarter on quarter in Q1 2023 after a flat Q4, missing market expectations of a 0.2% expansion. The annual inflation rate in the Euro Area was confirmed at 6.9% in March 2023 compared to 8.5% in February 2023, matching expectations. With inflation still well above the ECB's 2% target, investors similarly expected the central bank to raise interest rates at their May 2023 meeting.

4. Treasury Management Strategy Statement

Annual Investment Strategy

5.1 The Council's Annual Investment Strategy is an integral part of the approved Treasury Management Strategy for 2022/23 and there are no proposed changes. It outlines the Council's investment priorities as follows (in order of priority):

- Security of Capital
- Liquidity
- Yield

5.2 The Council aims to achieve the optimum return on investments commensurate with proper levels of security and liquidity.

5.3 The Council managed its investments in-house and invested with institutions on the Council's approved counterparty investment list. Following the global financial crises and persistent uncertainties, the Council remains relatively risk averse and operates a restricted counterparty investment list. A summary of the institutions to which the Council invested with is outlined below:

1. UK Government directly (Debt Management Office)
2. UK Government (Treasury Bill via King & Shaxson)
3. RBS
4. The Council's banker (Lloyds)
5. HSBC
6. Standard Chartered Bank (Certificate of Deposit via King & Shaxson)
7. Barclays Bank
8. Nationwide Building Society
9. AAA rated Money Market Funds

5.4 The Council's temporary borrowing and investment activity (that is 364 days or less) over the period is set out below:

Table 1: Overall Treasury Cash Flow Position as 31 March 2023

Description	Investments	Borrowing	Net Position
	£m	£m	£m
Outstanding 1 April 2022	**528.725**	-	**528.725**
Raised during period	2,051.683	-	2,051.683
Repayments during period	-2,073.571	-	-2,073.571
Outstanding 31 March 2023	**506.836**	-	**506.836**

Temporary borrowing is borrowing raised for the purposes of effectively managing the Council's cash flow need which is held separately from long term borrowing raised to fund capital investment

5.5 Over the 12 months to 31 March 2023, the Council's cash flows were maintained through borrowing and investment activities on the wholesale money market and the net investment position at 31 March 2023 was £506.836m.

5.6 There was no new temporary borrowing taken out in this financial year.

5.7 The Council has an agreement with West London Waste Authority (WLWA) and the Board of Mortlake Crematorium to invest funds on behalf of the organisations.

5.8 The total funds under the arrangement at 31 March 2023 were £32.300m (£28.000m WLWA and £4.300m Mortlake Crematorium).

Investment Rate 2022/23

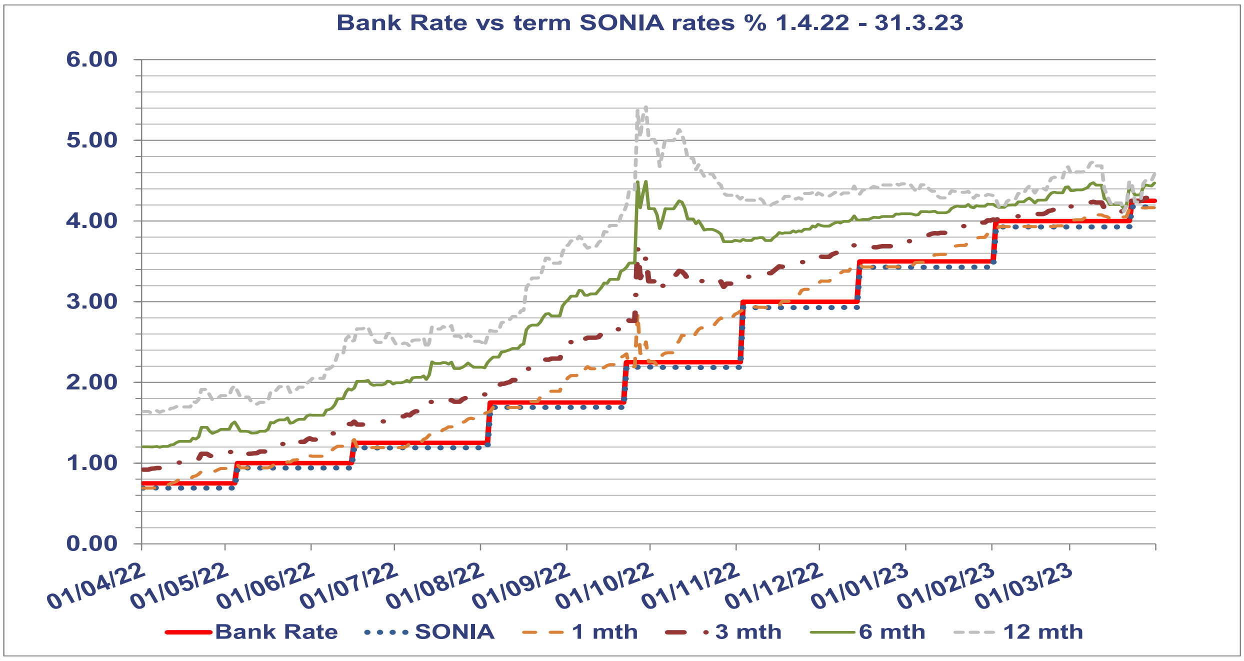
5.9 The Bank of England Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

5.10 Investment rates throughout the year increased gradually.

5.11 The graphs below illustrates the investment rates movement over the course of

2022/23 for SONIA overnight rates.

Investment Benchmarking Data – Sterling Overnight Index Average 2022/23



Investment Outturn

5.12 The Council's aim was to achieve optimum return on investments commensurate with the proper levels of security and liquidity. The Council has managed its investments internally and invested with institutions on the Council's approved lending list. Due to the ongoing volatile economic outlook, the Council operated a restricted lending list throughout the year, mainly investing in the UK Government, and a handful of financial institutions along with Money Market Funds (MMFs). The approved list of investment counterparties remains subject to on-going review by the Treasury Risk and Investment Board which meets monthly.

5.13 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Investments held by the Council

5.14 The Council maintained an average balance of £567.842m of internally managed funds and held an outstanding balance of £506.836m as 31 March 2023. The internally managed funds earned an average rate of 1.907% which is expected to improve further as some investments with longer maturities at lower rates mature. The comparable performance indicator is the total average of the Sonia overnight rate, which returned 2.245%. This is illustrated in the table below.

5.15

Table 2: Performance vs Benchmark

Month	Council Performance	Benchmark Rate (SONIA rate)	Under / Over Performance
Apr-22	0.412%	0.690%	-0.278%
May-22	0.525%	0.907%	-0.382%
Jun-22	0.894%	1.064%	-0.170%
Jul-22	1.233%	1.191%	0.042%
Aug-22	1.519%	1.642%	-0.123%
Sep-22	1.630%	1.840%	-0.211%
Oct-22	1.839%	2.186%	-0.347%
Nov-22	2.257%	2.878%	-0.621%
Dec-22	2.560%	3.202%	-0.642%
Jan-23	2.991%	3.428%	-0.436%
Feb-23	3.426%	3.909%	-0.483%
Mar-23	3.596%	4.000%	-0.403%
Average against SONIA O/N rate	**1.907%**	**2.245%**	**-0.338%**

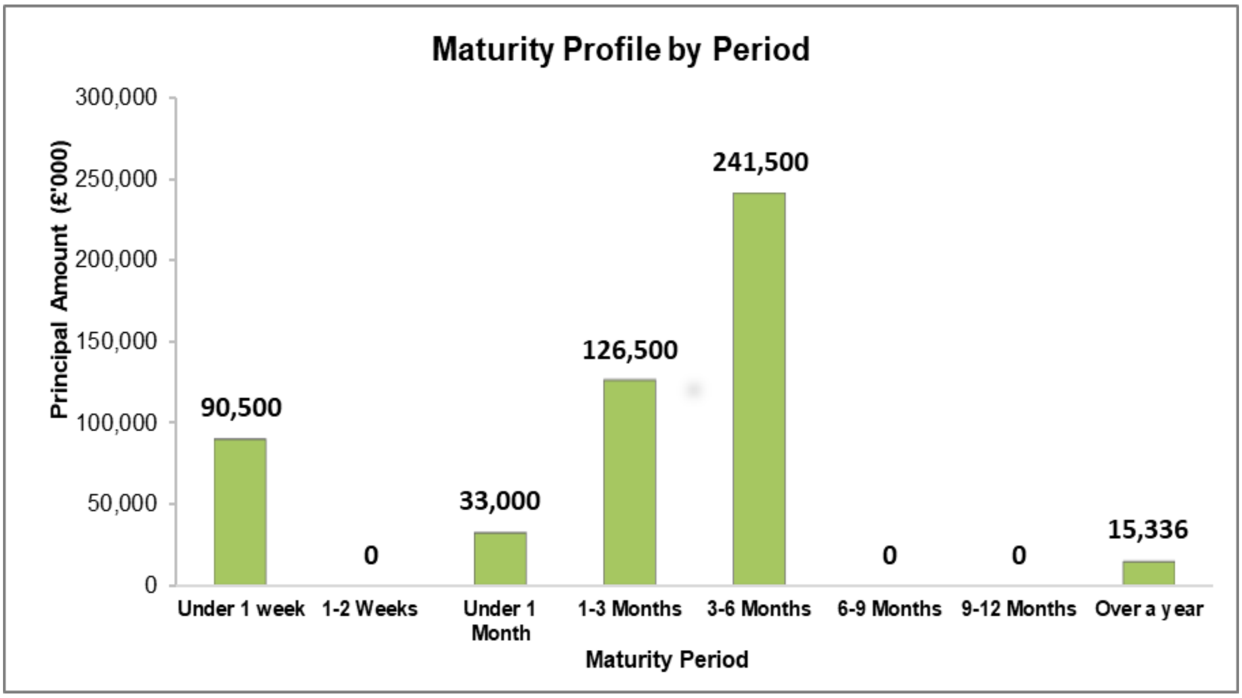
5.16 As a result of Covid, there was ongoing uncertainties in the economic environment during the year which meant that the Council continued to place investments in shorter term secure deposits with the Debt Management Office (DMO).

Table 3: Treasury Investment Portfolio at 31 March 2023

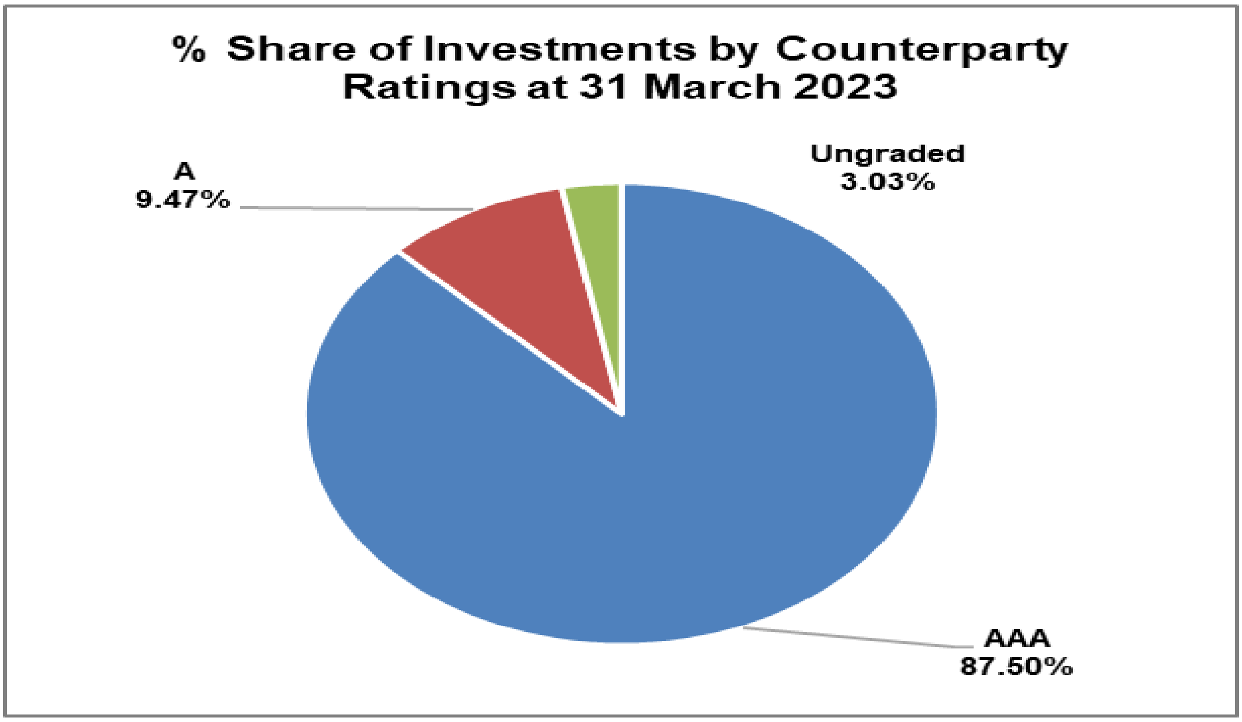
Counterparty Name	Total Investments at 31/03/2022	Total Investments at 31/03/2023
	£m	**£m**
Local authorities	-	-
Lloyds	30.000	30.000
Debt Management Office	492.000	443.500
Other *	6.725	33.336
Total Investments	**528.725**	**506.836**

** Other investments Broadway Living Registered Provider (BLRP) £13.567m investment, £0.107m in Gunnersbury Estate CIC, £0.563m in Future Ealing, £18.000m with Nationwide Building Society and £1.100m in Greener Ealing.*

5.17 The Council continues to place investments with the DMO which are of high credit quality and on the Council's approved list of counterparties. The Council had 20 investments placed across the DMO to the sum of £443.500m.



The Council currently has four investments that have a maturity period of over one year – Future Ealing Ltd, Gunnersbury Estate CIC and 2 Broadway Living Registered Provider (BLRP)



Ungraded includes Broadway Living Registered Provider (BLRP), Future Ealing, Greener Ealing and Gunnersbury Estate, AAA, A – Fitch credit rating.

6 Long Term Borrowing Requirement and Debt

6.1 The Council's Treasury Management Strategy approved in March 2022 outlined the Council's long-term borrowing strategy for the year. Over the course of the year to 31 March 2023, the Council's borrowing requirements were financed through both external and internal borrowing.

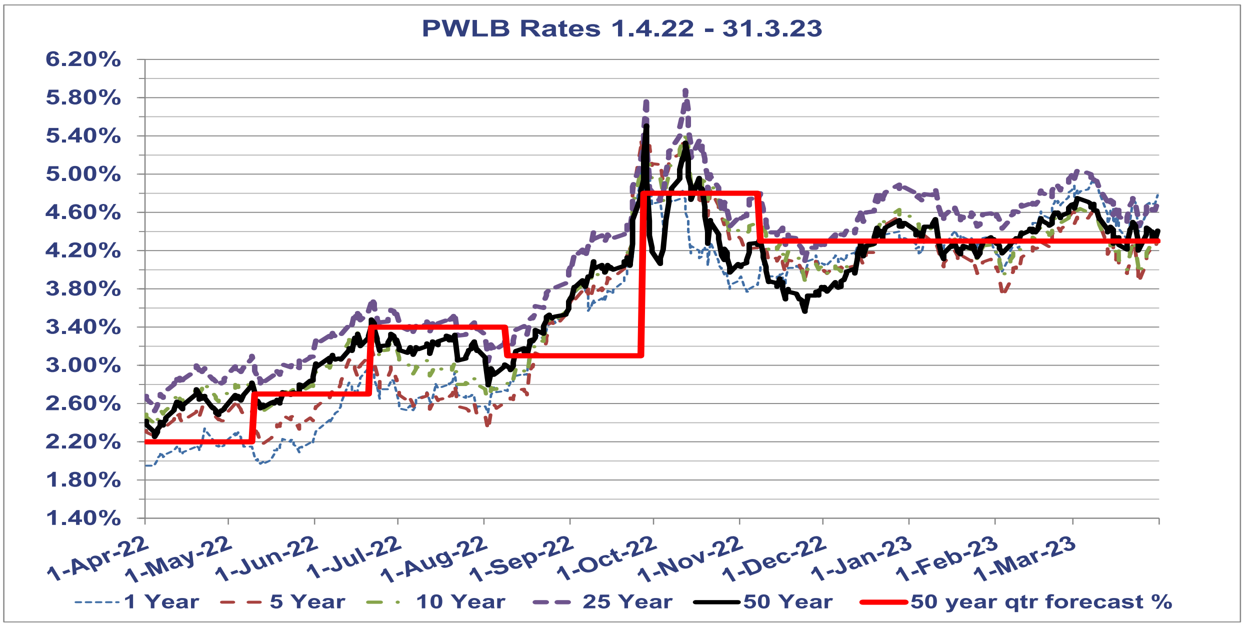
Borrowing Rates during 2022/23

6.2 The Council budgeted for an average interest rate of 3.14% on long term borrowing reflecting the overall Consolidated Rate of Interest for all debt. The table below shows the ranges of PWLB interest rates during the financing year.

Table 4: PWLB Interest Rates Ranges

Period	High	Low	Rate at 31/03/2022
5 Year Maturity	5.44%	2.18%	4.31%
10 Year Maturity	5.45%	2.36%	4.33%
25 Year Maturity	5.88%	2.52%	4.70%
50 Year Maturity	5.51%	2.25%	4.41%

6.3 As depicted in the graph and tables below, PWLB 25 and 50 year rates have been volatile during the year with little consistent trend. From April 2022 onwards the rates have gradually increased, with a peak in October 2022.



6.4 The Council did not raise any new PWLB borrowing during 2022/23.

6.5 The total long-term borrowing at 31 March 2023 was £877.532m (including Mortlake Crematorium Board and WLWA). The following table shows the spilt between the General Fund, HRA and Broadway Living Register Provider (BLRP) borrowing, and that overall debt decreased by (£10.248m) from £887.780m the previous year.

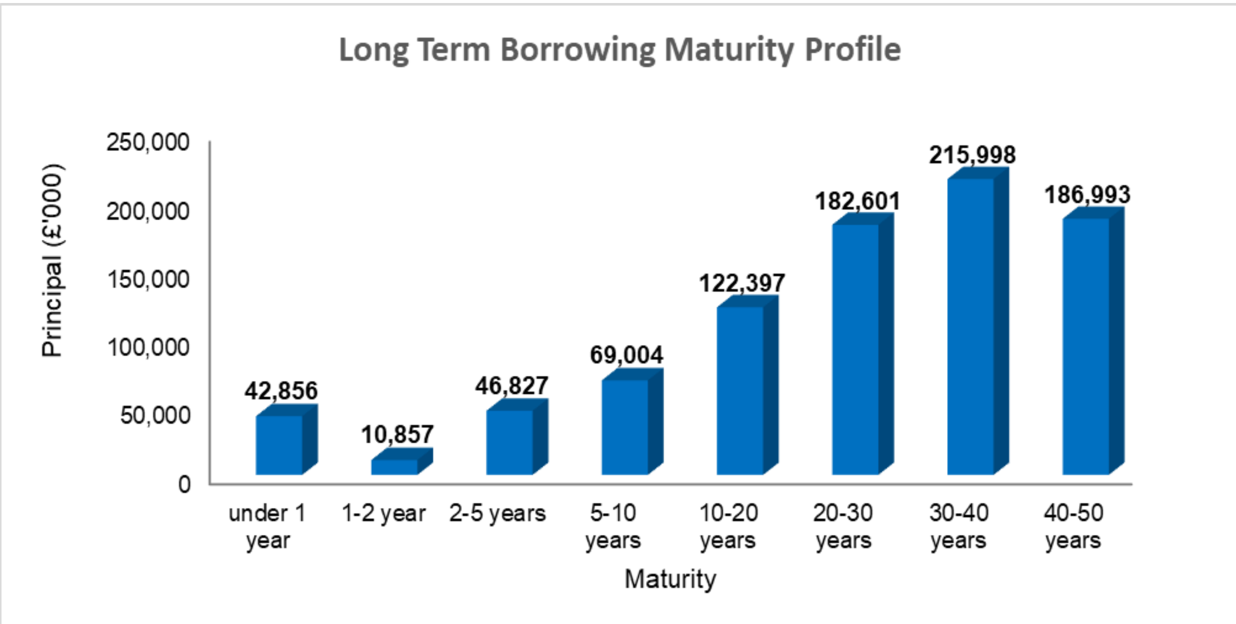
Table 5: External Debt

Source	Debt as at 31/03/2022	Loans raised	Loans repaid	Debt as at 31/03/2023
	£m	£m	£m	£m
General Fund :				
PWLB	513.980	0.000	-11.204	502.776
Market Loans	62.016	-	-	62.016
*Mortlake Crematorium	3.650	0.650	-	4.300
*WLWA	23.000	5.000	-	28.000
Total General Fund	**602.646**	**5.650**	**-11.204**	**597.092**
HRA :				
PWLB	168.167	-	-4.694	163.473
Market Loans	25.984	-	-	25.984
Total HRA	**194.151**	**0.000**	**-4.694**	**189.457**
Broadway Living Register Provider(BLRP)	90.983	-	-	**90.983**
Total Long-Term Borrowing	**887.780**	**5.650**	**-15.898**	**877.532**
****Memo Item: Other Long-Term Liabilities (OLTL)**	**100.968**	**0.000**	**-5.802**	**95.166**

**The £5.650m "loan raised" relates to an arrangement between Mortlake and LB Ealing, where monies are passed on by Mortlake for investment by the Council on its behalf. There were £5.0m new loans raised for WLWA.*

***Other Long-Term Liabilities include PFI schemes shown on the balance sheet as long-term creditors and are not classified under accounting rules as debt, shown for completeness.*

Long Term Maturity Profile



6.6 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). The Council's actual borrowing at the end of the financial year was £877.532 which is higher than the year-end CFR of £871.277m due to our borrowing strategy aimed at capitalising on the most advantageous time to leverage the very low interest rates available in 2021/2022 to meet future Capital Expenditure plans. The table below shows the breakdown of the Council's total CFR.

Table 6: Capital Financing Requirement at 31 March 2023

Capital Financing Requirement	2021/22 Actual	2022/23 Actual
	£m	£m
CFR-Non Housing	524.993	535.212
CFR-Housing	187.844	213.906
CFR-Housing Loan/Equity to BL/BLRP	16.976	26.993
OLTL	100.968	95.166
Total CFR inc. OLTR	**830.781**	**871.277**

Debt Rescheduling

6.7 Movements in interest rates over time can produce dislocations, which can present opportunities for the Council to replace existing loans with new loans at lower rates. The Council can also repay existing loans early without necessarily replacing the loans. These activities will attract a discount or premium depending on the prevailing market conditions. Debt rescheduling opportunities have been limited following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010.

6.8 No debt rescheduling opportunities have arisen during the year, as the cost of premium to repay debt outweighs savings that could be achieved from the lower PWLB borrowing rates.

PWLB Certainty Rate

6.9 The PWLB Certainty Rate was introduced by the PWLB in November 2012, allowing the Council to borrow at a reduction of 0.20% on the Standard Rate. The Council has applied and qualified to borrow at the preferential certainty rate.

8. Treasury Management Governance and Scrutiny

8.1 The Council continues to review and ensure that it embraces best practice in the risk management, control, monitoring and reporting of its treasury management processes.

8.2 In addition to the regular quarterly reports to Audit Committee, regular monitoring of Treasury Management activities is carried out by senior management, the portfolio holder for Inclusive Economy and the Treasury Risk and Investment Board (TRIB) which is chaired by the Strategic Director of Resources.

8.3 The purpose of these reporting arrangements is to ensure that those with the ultimate responsibility for the Treasury Management function have an appreciation of the implications of treasury management policies and activities, and that those implementing the policies and executing transactions have properly fulfilled their responsibilities with regards to delegation and reporting.

Training

8.4 Audit Committee members will once again receive a refresher training on Treasury Management in 2023. This is to ensure they maintain the relevant knowledge and skills to fulfil their scrutiny role in the most effective manner. Future training sessions will be arranged as an when required.

8.5 The Council has adopted and will continue to maintain the following reporting structure:

Report	Full Council	Audit Committee
Annual Treasury Management Strategy (March 2023)	✔	
Treasury Management Strategy updates / revisions as and when required	✔	
Annual Review of Treasury Management Strategy (March 2022)	✔	✔
Treasury Management Performance (Q1)		✔
Mid-Year Treasury Management Update (Q2)	✔	✔
Treasury Management Performance (Q3)		✔
Treasury Management Outturn	✔	✔

9. Financial implications

9.1 The Treasury Management outturn position has continued the trend of recent years, with lower financing costs and reduced spending mainly attributable to deferred borrowing and slippage on the capital programme. However, with current market conditions starting to shift, the borrowing position is under constant review and the Council will consider new borrowing at appropriate times. The net outturn position for 2022/23 shows that the treasury function operated within budget over the reporting period.

10 Prudential Indicators

10.1 The Local Government Act 2003 and supporting regulations requires the Council to ‘have regard to’ the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

10.2 The benefit of the indicators will be derived from monitoring them over time rather than from the absolute value of each. The indicators are not intended to be used as comparators between councils. The Council’s treasury management prudential indicators outturn position for 2022/23 is attached in Appendix 1.

11 Legal

11.1 The investment of surplus funds and any borrowing must comply with the Local

Government Act 2003 as amended by regulations from time to time by the Government. Local authorities by virtue of section 15 (1) (a) of the 2003 Act must have regard to any guidance on investments issued by the Secretary of State, the latest such guidance was issued February 2018. Further, local authorities must have regard to other guidance specified by the Secretary of State under section 15 (1) (b) of the 2003 Act. Section 24 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 specifically mentions that local authorities shall also have regard to the code of practice contained in the document entitled "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" published by CIPFA, as amended or reissued from time to time.

11.2 To comply with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 requires Full Council to approve an Annual Statement of Minimum Revenue Provision which is included in the annual budget setting reports.

12 Value for Money

12.1 Assessment of value for money is achieved through:

- Monitoring against benchmarks
- Operating within budget

12.1 For example, internally managed investment returns did not acheive SONIA overnight rate benchmark for the financial year 2021/22 due to the sharp rise in interest rates with some investments at longer maturities at lower rates. PWLB borrowing was monitored throughout the year, the budgeted rate for 2022/23 was 3.14%. In addition, the treasury function operated within budget over the reporting period.

13 Risk Management

13.1 There is no treasury management activity without risk. Risk management plays a fundamental role in treasury activities, due to the value of transactions involved. When placing investments with counterparties, risk management and security of capital always remain the priority over returns.

13.2 The adoption of the CIPFA Code for Treasury Management in Public Services, the use of an investment list and receiving advice from Link Asset Services mitigate some of the risk associated with optimising performance returns. Security of capital remains the priority in the Council's investment with counterparties. The Treasury team continues to remain vigilant and cognisant of market risk and this is reflected in the Council's Counterparty Investment List.

14 Links to Strategic Objectives

14.1 Proper and effective management of the Treasury Management function is an essential element of the financial administration process within the Council. Income generated from this source makes a significant contribution to the resources available to fund the Council's strategic objectives.

15 Consultation

15.1 Link Asset Services provides the Council with advice on treasury management.

16 Appendices

16.1 Appendix 1 – Prudential Indicators 2022/23

17 Background Information

17.1 Investment and borrowing activity files are kept electronically and at Perceval House.

Consultation

Name of Consultee	Department	Date sent to consultee	Date response received	Comments appear in report para:
Emily Hill	Strategic Director Resources (S151 Officer)	06/09/2023	08/09/2023	For reference
Emma Horner	Assistant Director Technical Finance	06/09/2023	06/09/23	Throughout

Report History

Decision type: For Action/Information	Urgency item? No

Authorised by Cabinet member:	Date report drafted:	Report deadline:	Date report sent:
	16/08/2023	11/09/2023	11/09/2023

Report no.:	Report author and contact for queries:
	Bridget Uku, Finance Manager Pensions & Treasury, ext 5981 Amalio Alcazar, Treasury & Investments Technician, ext 6589 Bhavika Patel, Treasury & Strategic Investments Accountant, ext 6215

Glossary of terms used in the report

CFR – Capital Financing Requirement – a measure of the Council's underlying need to borrow to finance capital expenditure.

Counterparties – Organisations the Council invests its surplus money with e.g. Banks; Local Authorities and MMFs.

CPI & RPI – Consumer Prices Index & Retail Prices Index. The main inflation rate used in the UK is the CPI. The Chancellor of the Exchequer bases the UK inflation target on the CPI. The CPI inflation target is set at 2%. The CPI differs from the RPI in that CPI excludes housing costs. Also used is RPIX, which is a variation of RPI, one that removes mortgage interest payments.

Credit Default Swap (CDS) – A kind of protection that can be purchased by MMF companies from insurance companies (for their investment) in exchange for a payoff if the organisation they have invested in does not repay the loan i.e. they default.

Credit watch – A variety of special programs offered by credit rating agencies and financial institutions to monitor organisation/individual's (e.g. bank) credit report for any credit related changes. A credit watch allows the organisation/individuals to act on any red flags before they can have a detrimental effect on credit score/history.

DMO – Bank of England's Debt Management Office.

Escrow Account – A money account held by an independent third party and disbursed upon fulfilment of certain contractual conditions.

GDP – Gross Domestic Product; a measure of a country's economic growth.

Gilts – Bonds issued by the UK government. The holder is paid a fixed cash amount (coupon) every six months until maturity, at which point the final coupon is paid along with the principal.

IMF – The International Monetary Fund is an intergovernmental organisation which states its aims as to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduces poverty around the world.

Impaired investment – An investment that has had a reduction in value to reflect changes that could impact significantly on the benefits expected from it.

SONIA – Sterling Overnight Index Average is the effective overnight interest rate for unsecured transactions in the British sterling market.

Market Loans – Loans from banks which are available on the London Money Market including LOBOs (Lender Option, Borrowing Option) which enable the Council to take advantage of low fixed interest for a number of years before an agreed variable rate comes into force.

MMF – Money Market Fund – a 'pool' of different types of investments managed by a fund manager, that invests in lightly liquid short term financial instruments with high credit rating.

MPC – Monetary Policy Committee designated by the Bank of England, whose main role is to regulate interest rates.

MRP – Minimum Revenue Provision is the amount which must be set aside from the revenue budget each year to cover future repayment of debt.

Premium – Cost of early repayment of loan to PWLB to compensate for any losses that the lender may incur.

Prudential Indicators – Set of rules for local authorities borrowing for funding capital projects under a professional code of practice developed by CIPFA and providing measures of affordability and prudence reflecting the Council's Capital Expenditure, Debt and Treasury Management.

PWLB – Public Works Loan Board, a statutory body whose function is to lend money to local authorities and other prescribed bodies. The PWLB normally are the cheapest source of long-term borrowing for local authorities.

QE – Quantitative Easing in the way central banks try to raise the amount of lending and activity in the economy indirectly, by cutting interest rates. Lower interest rates encourage people to spend, not save. But when short term interest rates can go no lower, a central bank can buy government bonds (including long-term bonds) or other financial assets (e.g. corporate bonds) in an effort to increase money supply and stimulate the economy.

Treasury Bill – Short term debt instruments issued by the Government. They provide a return to the investor by virtue of being issued at a discount to their final redemption value.